

# City of Detroit

## CITY COUNCIL

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TO: Alfred Jordan, Director  
Department of Public Works

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: April 22, 2008

RE: 2008-2009 Budget Analysis

14.

Attached is our budget analysis regarding your department's budget for the 2008-2009 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Thursday, April 24, 2008 at 2:00 p.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Council members and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:jgp:ss

Attachment

cc: Councilmembers  
Council Divisions  
Auditor General's Office  
Norman White, Chief Financial Officer  
Pam Scales, Budget Department Director  
Charleta McInnis, Budget Department Team Leader  
Kerwin Wimberly, Mayor's Office

## **Department of Public Works (19)**

### **FY 2008-09 Budget Analysis by the Fiscal Analysis Division**

#### **Summary**

The Public Works Department is a General Fund agency, and also includes the recently created Solid Waste Fund, Street Fund and Metro Fund activities. The five divisions currently in the agency are Administration, Traffic Engineering, Solid Waste, Street Maintenance, and City Engineering.

On page B55 of the Executive Budget Summary 2008-09, the Mayor presents the City of Detroit Street Fund Summary, which reflects the fund supported with gas and weight taxes distributed to the city under Public Act 5. The summary shows how the street fund revenues are allocated to city departments for street fund operations and maintenance, capital projects involving street resurfacing, bridge repair, traffic control devices and equipment purchases. The city in-kind contribution is also reflected.

The street fund is presented as the Major and Local Street Funds in the city's Comprehensive Annual Financial Report.

#### **2007-08 Surplus/(Deficit)**

The department is showing a net deficit of \$2.56 million, due to an appropriation surplus of \$562,000, offset by a revenue shortfall of \$3.1 million in City Engineering.

#### **Overtime**

The general fund overtime budget for the current fiscal year is \$447,114. As of March 31, 2008, the department has spent \$237,380 million on overtime. At this point if the same level of spending continues, a slight surplus of \$131,000 could exist by year end.

For all funds reporting to the department the overtime budget is \$1.6 million and the expenditures as of March 31, 2008 total \$3.0 million, resulting in a deficit of \$1.4 million currently, and if the pattern of spending continues, the year ending deficit could increase to \$2.4 million for overtime.

The Mayor's 2008-09 Budget includes an overtime budget in all funds of \$1.6 million. Based on the current year the funding of overtime may not be adequate.

#### **Personnel and Turnover Savings**

Following is information by appropriation compares current FY 2006-07 budgeted positions, March 31, 2007 filled positions and FY 2007-08 Mayor's recommended positions.

Appropriation/Program	Redbook Positions FY 2007-08	Filled Positions 3/31/2008	Mayor's Budget Positions FY 2008-09	Over/(Under) Actual to 07/08 Budget	Mayor's Recommended Turnover
<b>Municipal &amp; Environmental Services Dept. (19)</b>					
190100 Administration	8	7	8	(1)	\$ -
<b>00028 Administration</b>	<b>8</b>	<b>7</b>	<b>8</b>	<b>(1)</b>	<b>\$ -</b>
190106 Detroit-Wayne Joint Building Auth	66	51	66	(15)	\$ -
<b>00030 Building Operations</b>	<b>66</b>	<b>51</b>	<b>66</b>	<b>(15)</b>	<b>\$ -</b>
190702 Engineering Services	3	2	3	(1)	\$ -
190703 Administrative Services	3	3	3	0	\$ -
190705 Design Services	3	3	1	0	\$ -
190706 Structure Design	3	1	3	(2)	\$ -
190707 Street & Highway Freeway Design	6	7	7	1	\$ -
190708 Survey Office	11	8	4	(3)	\$ -
190709 Building & Bridge Inspection	25	18	13	(7)	\$ -
190710 Permits	6	3	7	(3)	\$ -
190711 Sidewalk Inspections	7	3	3	(4)	\$ -
190712 Material Testing	0	0	1	0	\$ -
190713 Survey Office	0	0	2	0	\$ -
191701 General Inspection	7	11	7	4	\$ -
<b>00910 City Engineer</b>	<b>74</b>	<b>59</b>	<b>54</b>	<b>(15)</b>	<b>\$ -</b>
193822 DPW Street Maintenance	217	180	217	(37)	\$ -
193825 Transportation Planning	23	20	22	(3)	\$ -
193826 Transportation Signs & Markings	59	41	56	(18)	\$ -
<b>06424 Major Street Fund - Operations</b>	<b>299</b>	<b>241</b>	<b>295</b>	<b>(58)</b>	<b>\$ -</b>
190410 Divisional Administrative Services	2	2	2	0	\$ -
190411 Production Data Center	6	7	7	1	\$ -
<b>12396 Solid Waste Management</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>1</b>	<b>\$ -</b>
190412 Supervision and Field Office	3	2	3	(1)	\$ -
190414 Courville Bulk Collection	81	89	80	8	\$ -
190415 Courville Refuse Collection (Residential)	154	144	154	(10)	\$ -
190416 Business District Cleanup	16	0	17	(16)	\$ -
190417 Container Services	11	6	11	(5)	\$ -
190418 Yard Operations	22	9	22	(13)	\$ -
00037 Street Cleaning	0	1	0	1	\$ -
00038 Vacant Lot Clean-up	0	1	0	1	\$ -
<b>12397 Refuse Collection</b>	<b>287</b>	<b>252</b>	<b>287</b>	<b>(35)</b>	<b>\$ -</b>
190419 Disposal Activities	11	7	11	(4)	\$ -
<b>12398 Refuse Disposal</b>	<b>11</b>	<b>7</b>	<b>11</b>	<b>(4)</b>	<b>\$ -</b>
190600 Administration & General Office	0	0	0	0	\$ -
190601 Building Maintenance	0	1	0	1	\$ -
190604 Vehicle Control Center	0	0	0	0	\$ -
190605 Vehicle Maintenance	0	1	0	1	\$ -
190607 Fleet Management	0	0	0	0	\$ -
<b>00051 Vehicle Management</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>\$ -</b>
19XXXX Leave of Absence	0	(19)	0	(19)	\$ -
19XXXX Worker's Comp.	0	(13)	0	(13)	\$ -
19XXXX Unmatched Positions	<u>0</u>	<u>41</u>	<u>0</u>	<u>41</u>	<u>\$ -</u>
<b>TOTAL</b>	<b><u>753</u></b>	<b><u>637</u></b>	<b><u>730</u></b>	<b><u>(116)</u></b>	<b><u>\$ -</u></b>

## Position Changes

The 2008-09 Budget deletes 23 net positions from the department. By division the net changes are, City Engineering decreased by 20, Major Street Fund decreased by 4, and Solid Waste Management increased by 1. It should be noted that 8 seasonal positions were eliminated from City Engineering, but the cost for the seasonals are in a separate cost center.

## Professional and Contractual Services

### **Department of Public Works (19)**

<u>Budgeted Professional and Contractual Services by Activity</u>	<u>FY 2007-08 Budget</u>	<u>FY 2008-09 Recommended</u>	<u>Increase (Decrease)</u>
Administration	\$ 1,500	\$ 2,000	\$ 500
Street Fund	9,070,000	8,550,000	(520,000)
Snow and Ice Removal	-	-	-
Public Act 48	-	-	-
Solid Waste	52,200	65,960	13,760
Vacant Lot Clean-up	-	-	-
City Engineer	\$ 367,000	\$ 240,000	\$ (127,000)
<b>Total</b>	<b>\$ 9,490,700</b>	<b>\$ 8,857,960</b>	<b>\$ (632,740)</b>

## Issues and Questions

1. Provide a list of all fees and charges made by the Department of Public Works. Include the amount of the current fee or charge. Indicate when the fee or charge was last changed, and the amount of the change. Indicate if the fee or charge was reviewed as part of the city-wide fee study conducted by Maximus. If the fee was included in the study what was the recommendation? Has the recommendation been implemented? If not provide an explanation of why the recommendation was not implemented?
2. Is the department involved in any activities that are not recorded as part of the city's financial reporting system? If so, identify what the activities are. Example, the Mayor's Office has established a non-profit organization in connection with Next Detroit Neighborhood Initiative Program.
3. Does the department use any automated or electronic systems not directly linked to the financial reporting system, DRMS? If so, identify what the systems are, and what the plans and timetable is to incorporate the system into DRMS. Example, the Recreation Department has a Recreation Activity Fund whose financial records are maintained separately from the DRMS system.
4. On page 19-22 of the Executive Budget book please explain the change in Refuse collection routes completed daily during peak, 150 to 120, Standard

workday routes completed, 150 to 120, and Bulk collection routes completed quarterly from 120 to 600.

5. In connection with the collection of solid waste, explain to Council the various collection options you are aware of, or are available, for collection of solid waste in conjunction with an aggressive recycling program. Be specific on the various types of collection vehicle options available. Also include a cost estimate and timetable for conversion of the solid waste fleet to each of the options. Is the collection of solid waste and the separation of recyclables with one vehicle possible? Is a one truck collection system used anywhere? Are you aware of the system of collection and recycling being used in Chicago? Discuss the potential for using such a system in Detroit.
6. Explain the reduction of \$6.6 million in Solid Waste Fund Revenues.
7. The Street Fund Summary on page B55 of the Executive Budget Summary show the elimination of \$1.1 million allocation to the General Services Department for Freeway Berm Grass Cutting. Who will be doing this activity and how will it be funded in the coming year?
8. Provide the location of the 95 miles of streets to be resurfaced, including the 33 to be completed by MDOT awarded contracts using Federal fund.
9. As part of a settlement order with the Federal Court, handicap ramps throughout the city must be improved, with an additional emphasis on those ramps in the area bounded by the Detroit River, East Grand Blvd, the Lodge Freeway and the Chrysler Freeway. Can you update Council on the progress of this effort? What is the anticipated completion for this activity? What funding is available for this?
10. How will the operations of the City Engineering Division be effected by the reduction of 20 positions, a 27% reduction?
11. Attached are DPW questions from the Environmental Task Force, chaired by Councilwoman JoAnn Watson.

IC:JGP

## **City of Detroit 2008-2009 Budget Requests**

### **DPW and GDRRA**

Questions re Proposed Budgets

April 24, 2008

#### **DPW**

1. What is the funding source for the DPW budget line item for Refuse Disposal? \$56,439,617 is budgeted, yet the Mayor has announced there will be no General Funds supporting waste disposal in this year's budget. All the \$300 property tax fees for waste collection appear to be budgeted for refuse collection.
2. A total of \$76,371,484 is budgeted from Solid Waste Residential Bulky Waste fees and Commercial fees for waste collection (\$74,164,084 residential fees and \$2,207,400 commercial fees). Is there documentation for this year's collection to show these fees can be collected? Are the commercial fees increased this year as the Mayor promised last year? Are any of the fees allocated for waste disposal (GDRRA)?
3. The \$56,439,617 DPW budget in for Refuse Disposal in the Mayor's budget request includes \$48,091,871 that GDRRA requested for next year's "tipping fees." What other disposal activity is included in the \$56 million Mayor's budget allocation? Will DPW and GDRRA use part of this allocation to initiate a major recycling, resource recovery program which could include initiation of a pilot curbside recycling project, a demonstration community drop-off center for recovered materials, or other measures to transition GDRRA to a waste recovery system? Are there other line items in the DPW budget that could be dedicated to this purpose?

#### **GDRRA**

1. The GDRRA Operating Budget Request line item budget asks for \$48,091,871 in "tipping fees" from the DPW budget. But elsewhere in the Mayor's budget request for GDRRA is \$57,177,617, the amount the GDRRA line item budget identifies as "Net Debt Service" for 2008-09. The Mayor's Revenue backup in the overall proposed City budget cites this amount as "Supplemental Fees (GDRRA)." What is the source of this funding? What is the source of the \$48,091,871 requested for "tipping fees"?
2. GDRRA's budget contains revenues of \$25 million from the DTE Escrow Fund. Can GDRRA document the availability of this fund for 2008-09? The DTE Escrow Fund is held by a third party to be released in 2016-2025 in annual increments, provided GDRRA produces the electricity contracted with DTE until 2025. How can it be available this fiscal year?
3. \$26 million in projected costs for GDRRA this year is subtracted from the GDRRA line item operating budget, reducing projected costs of \$140,171,519. A 1996 A & B Bond Reserve is cited as the source of the \$26 million. Explain and document this reserve bond fund that has become available to GDRRA.
4. Private hauler fees currently average \$12 per ton, causing the City of Detroit to pay extraordinary costs to subsidize these private haulers whose trash makes up 53-54% of the wastes burned. Council is asking GDRRA to increase this fee to bring in funds that would lessen the City's burden. GDRRA should propose increased fees for the coming fiscal year.
5. GDRRA is proposing an increase in sales from recovered material at three times last year's rates. Justify the projected increase.
6. A footnote to the line item GDRRA operating budget notes an "unfounded prior year deficit" of \$7,531,198. What is GDRRA's plan to make up this deficit? Where is it budgeted and what funds are allocated?
7. What part of GDRRA's proposed line item budget can be used to initiate a major recycling, resource recovery program this year, which could include initiation of a pilot curbside recycling project, a demonstration community drop-off center for recovered materials, or other measures to transition GDRRA

to a waste recovery system? Are there other line items in the DPW "tipping fee" that could be dedicated to this purpose?